

Memorandum

To: Panel Members Date: December 19, 2002

From: Charles Rufo, Manager
Peter DeMauro, General Counsel Analyst: K. Udarbe

Subject: Proposed Amendment No. 1 for **Truck Driving Academy**
www.tdatraining.com

CONTRACTOR:

- Multiple Employer: Training Agency
- Training Project Profile: Job Creation: Training of Unemployed Workers
- Legislative Priorities: Displaced/Potentially displaced workers
- Type of Industry: Transportation
- Repeat Contractor: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs:
 - Present Program Costs:** \$640,800
 - Amendment Program Costs +:** \$288,000
 - Total Program Costs:** \$928,800
- Multiple Employer Support:
 - Present Contract Support (8 %):** \$40,940
 - Amendment Support (8 %):** \$18,400
 - Total Support:** \$59,340
- Substantial Contribution:
 - Present Contract Contribution:** \$0
 - Amendment Contribution +:** \$0
 - Total Contributions:** \$0
- Total ETP Funding: \$988,140
- In-Kind Contribution: \$437,579
- Maximum Contractor Charge: \$0 per trainee
- Reimbursement Method: Fixed-Fee

- County(ies) Served: Statewide
- Duration of Agreement: 24 Months

ACTIVE PROJECTS:

The following are current project statistics:

Agreement No.	Term	Agreement Amount	Number To be Retained	Number Enrolled	Number Completed Training	Number Hired (Complete for new hires only)	Number retained for 90 days
ET02-0128	09/03/01 - 09/02/03	\$681,740	178	210	178*	144	74

*Performance: 100 percent of the trainees have completed training while 81 percent of the trainees have been placed in employment during Phase I of the contract.

NARRATIVE:

This Amendment was originally presented at the October 2002 Panel meeting, but the motion to approve it did not pass. Truck Driving Academy (TDA) has requested a reconsideration by the Panel in response to ETP's statement of decision, and staff has brought this Amendment forward with additional information on pages 3 and 4 of this Narrative regarding employer contributions by participating employers.

The Panel approved this Agreement in August 2001 to provide 178 currently unemployed individuals with the skills to attain jobs in the specialized industry and occupation of Class A truck drivers. Due to its successful performance, TDA is requesting to add a Phase II with an additional 80 individuals to this Agreement.

Located in Sacramento and established in 1985, TDA is a vocational training institute providing truck driver training. Additional campuses have been opened in Fresno and Stockton. There are also satellite facilities in Marysville-Olivehurst and Tulare. An additional satellite is being planned for the city of Merced.

Truck Driving Academy's program is designed to train individuals with no prior experience or training for entry-level employment as local or over-the-road drivers. Students are required to complete two segments of training: classroom theory and behind the wheel, hands-on training in tractor-trailers with instructors present both in class and in the cab. The course has been designed to meet the needs of prospective employers and of new drivers.

In the proposed Phase II, TDA will train an additional 80 truck drivers (current California Unemployment Insurance recipients or recent exhaustees) in the operation of trucks and place them in full-time, year-round jobs. Trainees will receive the same curriculum as Phase I, with 240 hours of class/lab training in basic operation, safe operating practices, advance operating practices, vehicle systems and malfunctions, non-vehicle activities, and basic driving maneuvers. Training will also be conducted at the Academy's facilities in Sacramento, Fresno, Stockton, Olivehurst, and Tulare. All training, project administration and job development is being provided by TDA.

NARRATIVE: (continued)

Trainees participating in this project will work in counties with unemployment rates exceeding the state average by at least 25 percent (Fresno 13.5 percent, Madera 10.3 percent, Merced 11.1 percent, San Joaquin 8.5 percent, Stanislaus 10.3 percent, Sutter 10.4 percent, Colusa 14.2 percent, Glenn 7.8 percent, Tulare 14.1 percent, and Kings 13.9 percent) - as of October 2002.

Justification of High Cost

ETP policy requires that when the requested cost per trainee is more than double the ETP average cost per trainee, which amounts to \$2,222 (FY 2001-02), a Multiple-Employer Contractor must justify the high cost per trainee. The cost to train new-hire trainees totals \$3,830 for 240 hours of training at the \$15.00 per hour new-hire reimbursement rate. Although TDA has been granted course approval for 330 hours of truck driving training by the Bureau for Private Postsecondary and Vocational Education, Panel staff negotiated 240 hours of training based on recently approved truck driver training projects. The ETP fixed fee new hire reimbursement rate is being used because TDA's catalog tuition rate at 240 hours of training is higher. The Truck Driving Academy will absorb the cost of additional training if trainees (estimated at 15 percent of total trainees) require more hours to become proficient such additional training may amount to an additional 60 hours.

Based on TDA's previous placement records, wages for truck drivers have demonstrated a significant wage progression. Within two years after completion of training, TDA graduates earn an average of \$13.13 per hour. In Phase I, 50 percent of trainees were required to earn at least \$12.00 per hour. Based on employer placement data from Truck Driving Academy's current Agreement, 30 of the 44 trainees (or 68 percent) have been hired and retained for 90 days and earn an hourly wage of \$12.00 or higher. TDA has agreed that for Phase II, 50 percent of the trainee placements will also earn at least \$12.00 per hour.

Supplemental Nature of Training

All training under this program is new hire for unemployed individuals who will be placed in full-time, year-round employment in California upon completion of their training. The training, therefore, does not supplant any other training.

In-Kind Contribution

Phase I: TDA showed training and training-related costs not covered by ETP funds to be approximately \$29,014 and \$235,138 in wages paid to employees while receiving on the job training for a total of \$264,152 or approximately 38 percent of the Agreement amount. The employer contribution policy for new-hires was enacted by the Panel on February 21, 2002, following approval of this Agreement, and currently requires that all Multiple-Employer Contractor (MEC) Agreements contribute at least 50 percent of the ETP-funded amount.

Phase II: TDA will have an in-kind contribution broken down as follows:

Training materials @ \$14.00 x 80 trainees	\$ 1,120
Training needs assessments and project development	\$ 35,015
Additional training provided by TDA after ETP training	\$ 9,000
Materials and supply costs attributable to ETP training (Fuel and maintenance)	\$ 22,900
Wages/benefits paid to trainees during additional training (\$9.41 average per hour x 140 hours x 80 trainees)	<u>\$105,392</u>
Total in-kind contribution for Phase II	\$173,427

NARRATIVE: (continued)

Thus, the total in-kind contribution will be \$437,547 consisting of \$264,152 for Phase I and \$173,427 for Phase II.

COMMENTS:

Trainees in this program are required to pass the DMV test, Class A, before employment placement and the 90-day retention period can begin. Training for any trainee who does not pass the DMV test, or who requires more than one attempt in order to pass the test, so that the 90-day retention period is not completed within the Agreement term, will not be reimbursed by ETP.

Previous Panel Meeting

This Amendment was originally presented at the October 2002 Panel meeting. However, there were insufficient Panel votes to approve the motion to approve the proposed Amendment; specifically, there were two votes to approve, two votes to reject, and one abstention, resulting in a failure of the motion to pass. The basis for the Panel's decision was the concern of Panel members regarding assurance of the employer contributions by participating employers.

TDA has replied with an explanation of the employer contributions, as follows:

In November 2002, TDA conducted a survey of eight trucking companies, 4 were local and 4 were over-the-road companies. TDA found that additional, customized training is an industry practice. An experienced driver conducts all tasks and training with a newly hired truck driver and the company documents when a driver is ready to be released from training based on meeting certain competencies. The specific tasks covered during training may include the following: handling and monitoring refrigerated units; learning the Qualcomm satellite communication system; how to clamp boards inside trailers; how to tie down loads; how to cover loads with tarps and fold them properly; learning routes and customer needs; identify commodities or products hauled; completing freight tags; where and how to locate rock plant loads; and backing practices at difficult docking areas. Additional tasks may include safely loading and unloading a liquid tank trailer, a van trailer and operating a pneumatic tanker and learning each contractor's way of loading and unloading products.

Thus, the above training is estimated to be approximately 140 hours after completion of ETP-funded training and to occur during the employment retention period. The wages paid to the new-hire drivers during training hours are approximately \$9.41 per hour. Thus, the estimated in-kind contribution related to employer contributions is \$105,392 (140 hours x 80 trainees x \$9.41 per hour).

PROPOSED ACTION:

Staff recommends that the Panel approve the accompanying Amendment if funding is available and the project meets the Panel priorities. This recommendation is based on the continuing and growing need for trained and qualified commercial truck drivers throughout California and on the prospect of moving 80 individuals from unemployment into full-time, year-round work.

TRAINING PLAN:

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
<u>Phase I</u> 1/New Hires	Truck Driver Skills	178	240	0	0	\$3,830	*\$9.03 - \$18.00
<u>Phase II</u> 2/New Hires	Truck Driver Skills	80	240	0	0	\$3,830	*\$9.12 - \$18.00
						<u>Range of Hourly Wages</u> \$9.03 - \$ 18.00	
						<u>Prevalent Hourly Wage</u> \$12.12	
						<u>Average Cost per Trainee</u> \$3,830	
<u>Health Benefit used to meet ETP minimum wage:</u> *Employer paid benefits (medical, dental, vision) may be added to the trainee's base wage in order to meet the minimum hourly wage of \$9.03 per hour for Phase I and \$9.12 for Phase II.						<u>Turnover Rate</u> 20% or less	<u>% of Mgrs & Supervisors to be trained:</u> 0%

CURRICULUM
TRUCK DRIVING ACADEMY
JOBS 1 AND 2

Class/Lab Hours
240

1. Basic Operation
 - Comprehension basic concepts shifting, backing, coupling
 - Name and identify vehicle control systems.
 - Illustrate the use of vehicle inspections and reports.
2. Safe Operating Practices
 - Acknowledge the importance of mirror usage and visual search.
 - Communications with vehicle signals.
 - Defensive driving techniques in relation to speed and space management.
3. Advanced Operating Practices
 - Differences in night driving.
 - Procedures for emergency maneuvers, skid control, and recovery.
 - Techniques to use during extreme driving conditions.
 - Identify and perceptions to hazards.
4. Vehicle Systems and Malfunctions
 - Perform simple emergency repairs.
 - Knowledge of various systems, including air brake system.
 - Recognize components that are not functioning properly.
5. Non Vehicle Activities
 - Identify terms of cargo documentation.
 - Demonstrate knowledge of hours of service regulations.
 - Understand proper accident procedures.
 - Knowledge of hazardous materials regulation.
 - Knowledge of bulk tanker regulations.
 - Knowledge of doubles/triples.
6. State and Federal Laws
 - Identify state vehicle code laws.
 - Identify federal motor carrier safety regulations.
 - Knowledge of testing procedure for commercial drivers **(Only for Job 1)**

CURRICULUM
TRUCK DRIVING ACADEMY (continued)

7. Basic Driving Maneuvers
 - Inspect vehicle and document.
 - Couple and uncouple tractor-trailer.
 - Demonstrate basic double clutching.
 - Demonstrate proficient shifting.
 - Demonstrate proficient turns.
 - Demonstrate backing techniques and skills including; alley docking, straight line backing, and parallel parking.
8. Safe Operating Practice
 - Demonstrate use of mirrors and signals for visual search and communication.
 - Demonstrate speed control.
 - Demonstrate space management.
9. Advanced Operating Practices
 - Demonstrate all competencies during night time hours.
 - Demonstrate calling out hazards.
 - Demonstrate differences under extreme driving conditions.
 - Demonstrate control of vehicle.
 - Demonstrate all competencies while driving in: Traffic, Freeway, Hill Driving, and City/Downtown.

**Participating Employers in Retrainee/New Hire
Multiple Employer Contracts**

Contractor's Name: Truck Driving Academy
Reference No: 01-0531

CCG No.: ET 02-0128
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Amendment 1

PRINT OR TYPE

Company: Frank C. Alegre Trucking

Address: 5100 W. State Route Hwy. 12

City, State, Zip: Lodi, CA 95242

Contact Person/Title: Lorin Sabin, Safety

Telephone No.: 209.334.2112

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 20

Total # of full-time company employees worldwide: 183

Company: Atlas Disposal

Address: 3000 Power Inn Road

City, State, Zip: Sacramento, CA 95826

Contact Person/Title: Vince, Human Resource - Safety

Telephone No.: 916.417.8749

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 10

Total # of full-time company employees worldwide: 32

Company: Gardner Trucking

Address: 5317 West Grantline

City, State, Zip: Banta, CA 95304

Contact Person/Title: Don Goodrich - Safety

Telephone No.: 209.835.2763

Collective Bargaining Agreement(s): N/A

Estimated #of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 100

**Participating Employers in Retrainee/New Hire
Multiple Employer Contracts**

Contractor's Name: Truck Driving Academy
Reference No: 01-0531

CCG No.: ET 02-0128
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Amendment 1

Company: Gordon Trucking, Inc.

Address: 410 South Tully Road

City, State, Zip: Turlock, CA

Contact Person/Title: Rick Dutra – Recruiter

Telephone No.: 800.283.0821

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 25

Total # of full-time company employees worldwide: 1200

Company: Matsuda's Nursery

Address: 10600 Florin Road

City, State, Zip: Sacramento, CA 95828

Contact Person/Title: Pat Martin, Supervisor

Telephone No.: 916.423.3157

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 60

Company: Sacramento Coca-Cola Bottling

Address: 4101 Gateway Park Boulevard

City, State, Zip: Sacramento, CA 95834

Contact Person/Title: Jim Visions, Human Resources

Telephone No.: 916.928.2300

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 20

Total # of full-time company employees worldwide: 100

**Participating Employers in Retrainee/New Hire
Multiple Employer Contracts**

Contractor's Name: Truck Driving Academy
Reference No: 01-0531

CCG No.: ET 02-0128
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Amendment 1

Company: Soares Trucking

Address: 5121 Hedge Avenue

City, State, Zip: Sacramento, CA 95826

Contact Person/Title: Mike Soares, Owner

Telephone No.: 916.388.2600

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 30

Company:

Address:

City, State, Zip:

Contact Person/Title:

Telephone No.:

Collective Bargaining Agreement(s):

Estimated # of employees to be retrained or hired under this Agreement:

Total # of full-time company employees worldwide:

Company:

Address:

City, State, Zip:

Contact Person/Title:

Telephone No.:

Collective Bargaining Agreement(s):

Estimated # of employees to be retrained or hired under this Agreement:

Total # of full-time company employees worldwide: